

ANNUAL STATEMENT

For the Year Ending DECEMBER 31, 2015

OF THE CONDITION AND AFFAIRS OF THE

HealthPlus of Michigan, Inc.

NAIC Group Code	3409	3409	NAIC Company Code	95580	Employer's ID Number	38-2160688
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	08/09/1977		Commenced Business	10/15/1979		
Statutory Home Office	2050 South Linden Road		Flint, MI, 48532			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	2050 South Linden Road		2050 South Linden Road			
	Flint, MI, 48532		(Street and Number)			
	(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)			
Mail Address	2050 South Linden Road, P.O. Box 1700		Flint, MI, 48501-1700			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	2050 South Linden Road		2050 South Linden Road			
	Flint, MI, 48532		(Street and Number)			
	(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)			
Internet Website Address	www.healthplus.org		(800)332-9161			
			(Area Code) (Telephone Number)			
Statutory Statement Contact	Keith George Collin		(810)230-2181			
	(Name)		(Area Code)(Telephone Number)(Extension)			
	kcollin@healthplus.org		(810)733-8966			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title	
Michael Genord MD, MBA	President	#
Steven Craig Worden	Treasurer	
Keith George Collin	Chief Financial Officer	#

OTHERS

Graham Spaulding Smith, Vice President - Sales and Marketing

Antoinette Camarda Geyer, VP - Provider Network & Plan Operations

DIRECTORS OR TRUSTEES

Vernon Lee Burns
Steven Craig Worden
Miles Conrad Owens
Elizabeth Aderholdt
Steven Dawes

Peggy Joyce Tortorice
Larry Leigh Carr DO
Franz Michael Jaggi DO
John Charles Lukes Esq.
Larry Gawthrop #

State ofMichigan

County ofGenesee

ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Michael Genord MD, MBA	Keith George Collin	Steven Craig Worden
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Chief Financial Officer	Treasurer
(Title)	(Title)	(Title)
Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[]
day of , 2016	b. If no,	0
	1. State the amendment number	
	2. Date filed	0
	3. Number of pages attached	
(Notary Public Signature)		

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	0	0	0	0
2.	Stocks (Schedule D)				
2.1	Preferred stocks	0	0	0	0
2.2	Common Stocks	(3,632,909)	0	(3,632,909)	23,377,756
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens	0	0	0	0
3.2	Other than first liens	0	0	0	0
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)	2,954,554	0	2,954,554	3,623,050
4.2	Properties held for the production of income (less \$.....0 encumbrances)	0	0	0	0
4.3	Properties held for sale (less \$.....0 encumbrances)	0	0	0	0
5.	Cash (\$.....4,490,551, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....56,994,426, Schedule DA)	61,484,977	0	61,484,977	42,581,719
6.	Contract loans (including \$.....0 premium notes)	0	0	0	0
7.	Derivatives (Schedule DB)	0	0	0	0
8.	Other invested assets (Schedule BA)	0	0	0	0
9.	Receivables for securities	0	0	0	0
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)	0	0	0	0
11.	Aggregate write-ins for invested assets	0	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	60,806,622	0	60,806,622	69,582,525
13.	Title plants less \$.....0 charged off (for Title insurers only)	0	0	0	0
14.	Investment income due and accrued	271	0	271	184,332
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	5,016,868	71,754	4,945,114	7,896,221
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)	0	0	0	0
15.3	Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)	2,550,000	0	2,550,000	3,368,446
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	1,771,435	0	1,771,435	1,900,000
16.2	Funds held by or deposited with reinsured companies	0	0	0	0
16.3	Other amounts receivable under reinsurance contracts	0	0	0	0
17.	Amounts receivable relating to uninsured plans	2,331,261	0	2,331,261	2,266,949
18.1	Current federal and foreign income tax recoverable and interest thereon	0	0	0	0
18.2	Net deferred tax asset	0	0	0	0
19.	Guaranty funds receivable or on deposit	0	0	0	0
20.	Electronic data processing equipment and software	4,554,270	4,199,783	354,487	723,310
21.	Furniture and equipment, including health care delivery assets (\$.....0)	559,716	559,716	0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23.	Receivables from parent, subsidiaries and affiliates	0	0	0	0
24.	Health care (\$.....7,991,866) and other amounts receivable	8,056,985	27,176	8,029,809	16,289,410
25.	Aggregate write-ins for other than invested assets	872,345	872,345	0	0
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	86,519,773	5,730,774	80,788,999	102,211,193
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28.	TOTAL (Lines 26 and 27)	86,519,773	5,730,774	80,788,999	102,211,193
DETAILS OF WRITE-INS					
1101.	.....	0	0	0	0
1102.	.....	0	0	0	0
1103.	.....	0	0	0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501.	Prepaid Expenses	872,345	872,345	0	0
2502.	.....	0	0	0	0
2503.	.....	0	0	0	0
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	872,345	872,345	0	0

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	47,212,981	0	47,212,981	56,413,597
2.	Accrued medical incentive pool and bonus amounts	8,261,171	0	8,261,171	8,891,732
3.	Unpaid claims adjustment expenses	1,106,389	0	1,106,389	782,167
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	16,284,411	0	16,284,411	279,411
5.	Aggregate life policy reserves	0	0	0	0
6.	Property/casualty unearned premium reserves	0	0	0	0
7.	Aggregate health claim reserves	0	0	0	0
8.	Premiums received in advance	441,215	0	441,215	1,876,327
9.	General expenses due or accrued	7,569,046	0	7,569,046	10,693,789
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))	0	0	0	0
10.2	Net deferred tax liability	0	0	0	0
11.	Ceded reinsurance premiums payable	0	0	0	0
12.	Amounts withheld or retained for the account of others	35,513	0	35,513	119,872
13.	Remittances and items not allocated	0	0	0	0
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)	0	0	0	0
15.	Amounts due to parent, subsidiaries and affiliates	5,030,880	0	5,030,880	3,880,124
16.	Derivatives	0	0	0	0
17.	Payable for securities	0	0	0	0
18.	Payable for securities lending	0	0	0	0
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)	0	0	0	0
20.	Reinsurance in unauthorized and certified (\$.....0) companies	0	0	0	0
21.	Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
22.	Liability for amounts held under uninsured plans	234,008	0	234,008	356,862
23.	Aggregate write-ins for other liabilities (including \$.....0 current)	382,403	0	382,403	382,403
24.	TOTAL Liabilities (Lines 1 to 23)	86,558,017	0	86,558,017	83,676,284
25.	Aggregate write-ins for special surplus funds	X X X	X X X	4,784,691	4,296,947
26.	Common capital stock	X X X	X X X	0	0
27.	Preferred capital stock	X X X	X X X	0	0
28.	Gross paid in and contributed surplus	X X X	X X X	170,511	170,511
29.	Surplus notes	X X X	X X X	0	0
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X	0	0
31.	Unassigned funds (surplus)	X X X	X X X	(10,724,220)	14,067,451
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X	0	0
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X	0	0
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	(5,769,018)	18,534,909
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	80,788,999	102,211,193
DETAILS OF WRITE-INS					
2301.	Other Post-employment Benefits Obligation	382,403	0	382,403	382,403
2302.	.....	0	0	0	0
2303.	.....	0	0	0	0
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	382,403	0	382,403	382,403
2501.	Special Surplus Fund for the Affordable Care Act Health Insurance Tax	X X X	X X X	4,784,691	4,296,947
2502.	.....	X X X	X X X	0	0
2503.	.....	X X X	X X X	0	0
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X	0	0
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	4,784,691	4,296,947
3001.	.....	X X X	X X X	0	0
3002.	.....	X X X	X X X	0	0
3003.	.....	X X X	X X X	0	0
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X	0	0
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	821,388	908,394
2.	Net premium income (including \$.....0 non-health premium income)	X X X	464,883,697	502,246,843
3.	Change in unearned premium reserves and reserve for rate credits	X X X	0	0
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X	0	0
5.	Risk revenue	X X X	0	0
6.	Aggregate write-ins for other health care related revenues	X X X	0	0
7.	Aggregate write-ins for other non-health revenues	X X X	0	0
8.	TOTAL Revenues (Lines 2 to 7)	X X X	464,883,697	502,246,843
Hospital and Medical:				
9.	Hospital/medical benefits	0	341,207,861	382,770,594
10.	Other professional services	0	0	0
11.	Outside referrals	0	0	0
12.	Emergency room and out-of-area	0	20,120,097	22,827,772
13.	Prescription drugs	0	55,193,522	52,356,360
14.	Aggregate write-ins for other hospital and medical	0	10,991	11,287
15.	Incentive pool, withhold adjustments and bonus amounts	0	8,955,287	10,814,652
16.	Subtotal (Lines 9 to 15)	0	425,487,758	468,780,665
Less:				
17.	Net reinsurance recoveries	0	1,274,690	1,900,000
18.	TOTAL Hospital and Medical (Lines 16 minus 17)	0	424,213,068	466,880,665
19.	Non-health claims (net)	0	0	0
20.	Claims adjustment expenses, including \$.....4,550,498 cost containment expenses	0	9,175,333	9,815,655
21.	General administrative expenses	0	44,591,431	48,758,577
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)	0	16,005,000	279,411
23.	TOTAL Underwriting Deductions (Lines 18 through 22)	0	493,984,832	525,734,308
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(29,101,135)	(23,487,465)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	0	51,338,110	1,381,499
26.	Net realized capital gains (losses) less capital gains tax of \$.....0	0	733,081	4,393,324
27.	Net investment gains (losses) (Lines 25 plus 26)	0	52,071,191	5,774,823
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]	0	0	0
29.	Aggregate write-ins for other income or expenses	0	1,554,292	7,323
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	24,524,348	(17,705,319)
31.	Federal and foreign income taxes incurred	X X X	0	0
32.	Net income (loss) (Lines 30 minus 31)	X X X	24,524,348	(17,705,319)
DETAILS OF WRITE-INS				
0601.	.....	X X X	0	0
0602.	.....	X X X	0	0
0603.	.....	X X X	0	0
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X	0	0
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	0	0
0701.	.....	X X X	0	0
0702.	.....	X X X	0	0
0703.	.....	X X X	0	0
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X	0	0
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X	0	0
1401.	Other Medical Expense	0	10,991	11,287
1402.	.....	0	0	0
1403.	.....	0	0	0
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	10,991	11,287
2901.	Other Revenue	0	35,130	7,323
2902.	Gain/(Loss) on Fixed Asset Disposal	0	(300,738)	0
2903.	Realized gain on sale of membership	0	1,819,900	0
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)	0	1,554,292	7,323

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	18,534,909	84,459,027
34.	Net income or (loss) from Line 32	24,524,348	(17,705,319)
35.	Change in valuation basis of aggregate policy and claim reserves	0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(49,150,584)	(45,926,894)
37.	Change in net unrealized foreign exchange capital gain or (loss)	0	0
38.	Change in net deferred income tax	0	0
39.	Change in nonadmitted assets	3,485,052	(2,146,363)
40.	Change in unauthorized and certified reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles	0	0
44.	Capital Changes:		
44.1	Paid in	0	0
44.2	Transferred from surplus (Stock Dividend)	0	0
44.3	Transferred to surplus	0	0
45.	Surplus adjustments:		
45.1	Paid in	0	0
45.2	Transferred to capital (Stock Dividend)	0	0
45.3	Transferred from capital	0	0
46.	Dividends to stockholders	0	0
47.	Aggregate write-ins for gains or (losses) in surplus	(3,162,743)	(145,542)
48.	Net change in capital and surplus (Lines 34 to 47)	(24,303,927)	(65,924,118)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	(5,769,018)	18,534,909
DETAILS OF WRITE-INS			
4701.	Unrecognized Other Post-employment Benefit Obligation	0	(145,542)
4702.	2014 Audit Adjustments	(3,162,743)	0
4703.	.....	0	0
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(3,162,743)	(145,542)

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	467,146,384	499,232,069
2.	Net investment income	51,522,171	1,533,033
3.	Miscellaneous income	0	0
4.	TOTAL (Lines 1 through 3)	518,668,555	500,765,102
5.	Benefit and loss related payments	425,649,308	470,177,180
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions	52,315,800	53,998,442
8.	Dividends paid to policyholders	0	0
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	0	0
10.	TOTAL (Lines 5 through 9)	477,965,108	524,175,622
11.	Net cash from operations (Line 4 minus Line 10)	40,703,447	(23,410,520)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	0	0
12.2	Stocks	6,349,576	29,764,212
12.3	Mortgage loans	0	0
12.4	Real estate	0	0
12.5	Other invested assets	0	0
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments	0	759
12.7	Miscellaneous proceeds	0	0
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	6,349,576	29,764,971
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	0	0
13.2	Stocks	27,756,414	21,928,963
13.3	Mortgage loans	0	0
13.4	Real estate	95,908	271,190
13.5	Other invested assets	0	0
13.6	Miscellaneous applications	0	0
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	27,852,322	22,200,153
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(21,502,746)	7,564,818
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes	0	0
16.2	Capital and paid in surplus, less treasury stock	0	0
16.3	Borrowed funds	0	0
16.4	Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5	Dividends to stockholders	0	0
16.6	Other cash provided (applied)	(297,443)	(1,417,942)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(297,443)	(1,417,942)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	18,903,258	(17,263,644)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	42,581,719	59,845,363
19.2	End of year (Line 18 plus Line 19.1)	61,484,977	42,581,719

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	0	0
---------	-------	---	---

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	464,883,697	216,433,114	0	0	0	18,061,582	230,389,001	0	0	0
2.	Change in unearned premium reserves and reserve for rate credit	0	0	0	0	0	0	0	0	0	0
3.	Fee-for-service (net of \$.....0 medical expenses)	0	0	0	0	0	0	0	0	0	X X X
4.	Risk revenue	0	0	0	0	0	0	0	0	0	X X X
5.	Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	X X X
6.	Aggregate write-ins for other non-health care related revenues	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
7.	TOTAL Revenues (Lines 1 to 6)	464,883,697	216,433,114	0	0	0	18,061,582	230,389,001	0	0	0
8.	Hospital/medical benefits	341,207,861	139,541,899	0	0	0	12,372,190	189,293,772	0	0	X X X
9.	Other professional services	0	0	0	0	0	0	0	0	0	X X X
10.	Outside referrals	0	0	0	0	0	0	0	0	0	X X X
11.	Emergency room and out-of-area	20,120,097	11,136,575	0	0	0	1,150,142	7,833,380	0	0	X X X
12.	Prescription drugs	55,193,522	33,247,819	0	0	0	3,591,869	18,353,834	0	0	X X X
13.	Aggregate write-ins for other hospital and medical	10,991	145	0	0	0	0	10,846	0	0	X X X
14.	Incentive pool, withhold adjustments and bonus amounts	8,955,287	7,332,365	0	0	0	430,967	1,191,955	0	0	X X X
15.	Subtotal (Lines 8 to 14)	425,487,758	191,258,803	0	0	0	17,545,168	216,683,787	0	0	X X X
16.	Net reinsurance recoveries	1,274,690	1,274,690	0	0	0	0	0	0	0	X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	424,213,068	189,984,113	0	0	0	17,545,168	216,683,787	0	0	X X X
18.	Non-health claims (net)	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
19.	Claims adjustment expenses including \$.....4,550,498 cost containment expenses	9,175,333	4,728,036	0	0	0	331,297	4,116,000	0	0	0
20.	General administrative expenses	44,591,431	24,159,024	0	0	0	1,746,000	18,686,407	0	0	0
21.	Increase in reserves for accident and health contracts	16,005,000	11,495,551	0	0	0	509,449	4,000,000	0	0	X X X
22.	Increase in reserves for life contracts	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	493,984,832	230,366,724	0	0	0	20,131,914	243,486,194	0	0	0
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	(29,101,135)	(13,933,610)	0	0	0	(2,070,332)	(13,097,193)	0	0	0
DETAILS OF WRITE-INS											
0501.	.....	0	0	0	0	0	0	0	0	0	X X X
0502.	.....	0	0	0	0	0	0	0	0	0	X X X
0503.	.....	0	0	0	0	0	0	0	0	0	X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	X X X
0601.	.....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0602.	.....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0603.	.....	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	0
1301.	Other Medical	10,991	145	0	0	0	0	10,846	0	0	X X X
1302.	.....	0	0	0	0	0	0	0	0	0	X X X
1303.	.....	0	0	0	0	0	0	0	0	0	X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	10,991	145	0	0	0	0	10,846	0	0	X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical)	217,270,102	0	836,988	216,433,114
2.	Medicare Supplement	0	0	0	0
3.	Dental only	0	0	0	0
4.	Vision only	0	0	0	0
5.	Federal Employees Health Benefits Plan	18,090,304	0	28,722	18,061,582
6.	Title XVIII - Medicare	230,445,053	0	56,052	230,389,001
7.	Title XIX - Medicaid	0	0	0	0
8.	Other health	0	0	0	0
9.	Health subtotal (Lines 1 through 8)	465,805,459	0	921,762	464,883,697
10.	Life	0	0	0	0
11.	Property/casualty	0	0	0	0
12.	TOTALS (Lines 9 to 11)	465,805,459	0	921,762	464,883,697

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	422,807,478	189,837,288	0	0	0	17,206,002	215,764,188	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	1,403,255	1,403,255	0	0	0	0	0	0	0	0
1.4 Net	421,404,223	188,434,033	0	0	0	17,206,002	215,764,188	0	0	0
2. Paid medical incentive pools and bonuses	9,585,849	7,662,304	0	0	0	374,488	1,549,057	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	47,212,981	19,885,749	0	0	0	1,465,893	25,861,339	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	47,212,981	19,885,749	0	0	0	1,465,893	25,861,339	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	8,261,171	5,559,723	0	0	0	430,967	2,270,481	0	0	0
6. Net healthcare receivables (a)	(2,925,609)	357,625	0	0	0	0	(3,283,234)	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	1,771,435	1,771,435	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	56,413,597	25,439,577	0	0	0	1,557,091	29,416,929	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	56,413,597	25,439,577	0	0	0	1,557,091	29,416,929	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	8,891,733	5,889,662	0	0	0	374,488	2,627,583	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	1,900,000	1,900,000	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	416,532,471	183,925,835	0	0	0	17,114,804	215,491,832	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	1,274,690	1,274,690	0	0	0	0	0	0	0	0
12.4 Net	415,257,781	182,651,145	0	0	0	17,114,804	215,491,832	0	0	0
13. Incurred medical incentive pools and bonuses	8,955,287	7,332,365	0	0	0	430,967	1,191,955	0	0	0

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	17,351,284	7,628,984	0	0	0	366,322	9,355,978	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
1.4 Net	17,351,284	7,628,984	0	0	0	366,322	9,355,978	0	0	0
2. Incurred but Unreported:										
2.1 Direct	28,140,629	11,176,045	0	0	0	1,000,745	15,963,839	0	0	0
2.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
2.4 Net	28,140,629	11,176,045	0	0	0	1,000,745	15,963,839	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	1,721,068	1,080,720	0	0	0	98,826	541,522	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	1,721,068	1,080,720	0	0	0	98,826	541,522	0	0	0
4. TOTALS										
4.1 Direct	47,212,981	19,885,749	0	0	0	1,465,893	25,861,339	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	47,212,981	19,885,749	0	0	0	1,465,893	25,861,339	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)	23,894,360	173,843,172	303,890	19,582,462	24,198,250	25,439,578
2.	Medicare Supplement	0	0	0	0	0	0
3.	Dental only	0	0	0	0	0	0
4.	Vision only	0	0	0	0	0	0
5.	Federal Employees Health Benefits Plan	1,965,659	15,240,343	0	1,465,290	1,965,659	1,557,091
6.	Title XVIII - Medicare	23,026,521	197,634,455	62,211	25,799,128	23,088,732	29,416,928
7.	Title XIX - Medicaid	0	0	0	0	0	0
8.	Other health	0	0	0	0	0	0
9.	Health subtotal (Lines 1 to 8)	48,886,540	386,717,970	366,101	46,846,880	49,252,641	56,413,597
10.	Healthcare receivables (a)	9,274,703	4,797,020	0	7,991,865	9,274,703	10,917,475
11.	Other non-health	0	0	0	0	0	0
12.	Medical incentive pool and bonus amounts	8,429,487	1,156,365	936,407	7,324,764	9,365,894	8,891,732
13.	TOTALS (Lines 9 - 10 + 11 + 12)	48,041,324	383,077,315	1,302,508	46,179,779	49,343,832	54,387,854

(a) Excludes \$......0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	52,477	0	0	0	0
2.	2011	371,192	52,849	0	0	0
3.	2012	X X X	393,857	57,320	0	0
4.	2013	X X X	X X X	398,123	56,640	0
5.	2014	X X X	X X X	X X X	407,231	48,041
6.	2015	X X X	X X X	X X X	X X X	383,077

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	55,900	0	0	0	0
2.	2011	431,791	58,652	0	0	0
3.	2012	X X X	453,759	61,854	0	0
4.	2013	X X X	X X X	451,425	59,519	0
5.	2014	X X X	X X X	X X X	469,656	49,344
6.	2015	X X X	X X X	X X X	X X X	437,249

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2011	481,877	424,041	6,926	1.633	430,967	89.435	0	0	430,967	89.435
2.	2012	505,654	451,178	8,234	1.825	459,412	90.855	0	0	459,412	90.855
3.	2013	490,938	454,761	9,261	2.036	464,022	94.517	0	0	464,022	94.517
4.	2014	506,150	455,271	9,725	2.136	464,996	91.869	1,303	0	466,299	92.127
5.	2015	465,805	383,077	8,606	2.247	391,683	84.087	54,172	1,106	446,961	95.955

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	36,053	0	0	0	0
2.	2011	208,321	32,476	0	0	0
3.	2012	X X X	209,431	33,788	0	0
4.	2013	X X X	X X X	210,307	32,599	0
5.	2014	X X X	X X X	X X X	201,625	26,664
6.	2015	X X X	X X X	X X X	X X X	169,560

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	38,191	0	0	0	0
2.	2011	246,205	36,886	0	0	0
3.	2012	X X X	245,262	36,797	0	0
4.	2013	X X X	X X X	239,918	34,601	0
5.	2014	X X X	X X X	X X X	230,951	27,475
6.	2015	X X X	X X X	X X X	X X X	194,196

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2011	271,998	240,798	4,360	1.811	245,158	90.132	0	0	245,158	90.132
2.	2012	268,774	243,220	5,186	2.132	248,406	92.422	0	0	248,406	92.422
3.	2013	265,276	242,904	5,870	2.417	248,774	93.779	0	0	248,774	93.779
4.	2014	254,113	228,289	6,060	2.655	234,349	92.222	810	0	235,159	92.541
5.	2015	217,270	169,560	5,243	3.092	174,803	80.454	24,636	464	199,903	92.007

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	1,098	0	0	0	0
2.	2011	11,353	2,332	0	0	0
3.	2012	X X X	14,968	2,832	0	0
4.	2013	X X X	X X X	16,174	2,114	0
5.	2014	X X X	X X X	X X X	17,000	2,340
6.	2015	X X X	X X X	X X X	X X X	15,240

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	1,098	0	0	0	0
2.	2011	13,809	2,332	0	0	0
3.	2012	X X X	17,422	2,832	0	0
4.	2013	X X X	X X X	18,509	2,114	0
5.	2014	X X X	X X X	X X X	18,931	2,340
6.	2015	X X X	X X X	X X X	X X X	17,137

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2011	16,025	13,684	298	2.178	13,982	87.251	0	0	13,982	87.251
2.	2012	19,887	17,800	405	2.275	18,205	91.542	0	0	18,205	91.542
3.	2013	19,695	18,288	455	2.488	18,743	95.166	0	0	18,743	95.166
4.	2014	19,241	19,340	506	2.616	19,846	103.144	0	0	19,846	103.144
5.	2015	18,090	15,240	426	2.795	15,666	86.600	1,896	0	17,562	97.081

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	15,326	0	0	0	0
2.	2011	151,518	18,041	0	0	0
3.	2012	X X X	169,458	20,700	0	0
4.	2013	X X X	X X X	171,642	21,927	0
5.	2014	X X X	X X X	X X X	188,606	19,037
6.	2015	X X X	X X X	X X X	X X X	198,277

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2011	2 2012	3 2013	4 2014	5 2015
1.	Prior	16,611	0	0	0	0
2.	2011	171,777	19,434	0	0	0
3.	2012	X X X	191,075	22,225	0	0
4.	2013	X X X	X X X	192,998	22,804	0
5.	2014	X X X	X X X	X X X	219,774	19,529
6.	2015	X X X	X X X	X X X	X X X	225,916

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2011	193,854	169,559	2,268	1.338	171,827	88.637	0	0	171,827	88.637
2.	2012	216,993	190,158	2,643	1.390	192,801	88.851	0	0	192,801	88.851
3.	2013	205,967	193,569	2,936	1.517	196,505	95.406	0	0	196,505	95.406
4.	2014	232,796	207,642	3,159	1.521	210,801	90.552	493	0	211,294	90.764
5.	2015	230,445	198,277	2,937	1.481	201,214	87.315	27,640	642	229,496	99.588

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Unearned premium reserves	0	0	0	0	0	0	0	0	0
2.	Additional policy reserves (a)	11,500,000	6,990,551	0	0	0	509,449	4,000,000	0	0
3.	Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
4.	Reserve for rate credits or experience rating refunds (including \$.....0 for investment income)	4,784,411	4,505,000	0	0	0	0	279,411	0	0
5.	Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6.	TOTALS (Gross)	16,284,411	11,495,551	0	0	0	509,449	4,279,411	0	0
7.	Reinsurance ceded	0	0	0	0	0	0	0	0	0
8.	TOTALS (Net) (Page 3, Line 4)	16,284,411	11,495,551	0	0	0	509,449	4,279,411	0	0
9.	Present value of amounts not yet due on claims	0	0	0	0	0	0	0	0	0
10.	Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
11.	Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12.	TOTALS (Gross)	0	0	0	0	0	0	0	0	0
13.	Reinsurance ceded	0	0	0	0	0	0	0	0	0
14.	TOTALS (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS										
0501.	.....	0	0	0	0	0	0	0	0	0
0502.	.....	0	0	0	0	0	0	0	0	0
0503.	.....	0	0	0	0	0	0	0	0	0
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.	.....	0	0	0	0	0	0	0	0	0
1102.	.....	0	0	0	0	0	0	0	0	0
1103.	.....	0	0	0	0	0	0	0	0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page ..	0	0	0	0	0	0	0	0	0
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) ..	0	0	0	0	0	0	0	0	0

(a) Includes \$.....11,500,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....831,141 for occupancy of own building)	0	0	1,159,101	0	1,159,101
2.	Salaries, wages and other benefits	2,435,311	2,291,659	45,636,396	0	50,363,366
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)	0	0	4,149,712	0	4,149,712
4.	Legal fees and expenses	0	0	1,147,084	0	1,147,084
5.	Certifications and accreditation fees	0	0	0	0	0
6.	Auditing, actuarial and other consulting services	0	0	2,122,533	0	2,122,533
7.	Traveling expenses	17,397	9,521	430,940	0	457,858
8.	Marketing and advertising	4,815	0	544,635	0	549,450
9.	Postage, express and telephone	91,196	333,248	1,177,210	0	1,601,654
10.	Printing and office supplies	12,974	47,332	754,376	0	814,682
11.	Occupancy, depreciation and amortization	194,717	107,637	1,461,336	0	1,763,690
12.	Equipment	23	254	278,354	0	278,631
13.	Cost or depreciation of EDP equipment and software	76,755	833,330	7,900,903	0	8,810,988
14.	Outsourced services including EDP, claims, and other services	1,446,730	783,828	4,731,302	0	6,961,860
15.	Boards, bureaus and association fees	728	5,338	548,063	0	554,129
16.	Insurance, except on real estate	0	0	745,509	0	745,509
17.	Collection and bank service charges	0	0	306,682	19,426	326,108
18.	Group service and administration fees	0	0	0	0	0
19.	Reimbursements by uninsured plans	0	0	0	0	0
20.	Reimbursements from fiscal intermediaries	0	0	0	0	0
21.	Real estate expenses	0	0	0	0	0
22.	Real estate taxes	0	0	157,069	0	157,069
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes	0	0	1,876,194	0	1,876,194
23.2	State premium taxes	0	0	0	0	0
23.3	Regulatory authority licenses and fees	0	0	0	0	0
23.4	Payroll taxes	224,040	200,041	2,516,772	0	2,940,853
23.5	Other (excluding federal income and real estate taxes)	0	0	6,756,424	0	6,756,424
24.	Investment expenses not included elsewhere	0	0	0	0	0
25.	Aggregate write-ins for expenses	45,812	12,647	(39,809,164)	0	(39,750,705)
26.	TOTAL Expenses Incurred (Lines 1 to 25)	4,550,498	4,624,835	44,591,431	19,426	(a) 53,786,190
27.	Less expenses unpaid December 31, current year	449,884	656,505	7,569,046	0	8,675,435
28.	Add expenses unpaid December 31, prior year	297,059	485,108	10,693,789	0	11,475,956
29.	Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30.	Amounts receivable relating to uninsured plans, current year	0	0	0	0	0
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	4,397,673	4,453,438	47,716,174	19,426	56,586,711
DETAILS OF WRITE-INS						
2501.	Affiliates Administrative Fees	0	0	(40,198,742)	0	(40,198,742)
2502.	Member Incentives	45,696	0	0	0	45,696
2503.	Conferences, Seminars, and Training	22	662	9,369	0	10,053
2598.	Summary of remaining write-ins for Line 25 from overflow page	94	11,985	380,209	0	392,288
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	45,812	12,647	(39,809,164)	0	(39,750,705)

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....0	0
1.1	Bonds exempt from U.S. tax	(a).....0	0
1.2	Other bonds (unaffiliated)	(a).....0	0
1.3	Bonds of affiliates	(a).....0	0
2.1	Preferred stocks (unaffiliated)	(b).....0	0
2.11	Preferred stocks of affiliates	(b).....0	0
2.2	Common stocks (unaffiliated)	406,321	430,616
2.21	Common stocks of affiliates	50,000,000	50,000,000
3.	Mortgage loans	(c).....0	0
4.	Real estate	(d).....860,815	860,815
5.	Contract loans	0	0
6.	Cash, cash equivalents and short-term investments	(e).....66,105	66,105
7.	Derivative instruments	(f).....0	0
8.	Other invested assets	0	0
9.	Aggregate write-ins for investment income	0	0
10.	TOTAL Gross investment income	51,333,241	51,357,536
11.	Investment expenses		(g).....19,426
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....0
13.	Interest expense		(h).....0
14.	Depreciation on real estate and other invested assets		(i).....0
15.	Aggregate write-ins for deductions from investment income		0
16.	TOTAL Deductions (Lines 11 through 15)		19,426
17.	Net Investment income (Line 10 minus Line 16)		51,338,110
DETAILS OF WRITE-INS			
0901.	.....	0	0
0902.	.....	0	0
0903.	.....	0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0
1501.	.....		0
1502.	.....		0
1503.	.....		0
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		0
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....831,141 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....40,684 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	0	0	0	0	0
1.1	Bonds exempt from U.S. tax	0	0	0	0	0
1.2	Other bonds (unaffiliated)	0	0	0	0	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	733,081	0	733,081	(1,137,860)	0
2.21	Common stocks of affiliates	0	0	0	(48,012,724)	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0	0	0
5.	Contract loans	0	0	0	0	0
6.	Cash, cash equivalents and short-term investments	0	0	0	0	0
7.	Derivative instruments	0	0	0	0	0
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	TOTAL Capital gains (losses)	733,081	0	733,081	(49,150,584)	0
DETAILS OF WRITE-INS						
0901.	.....	0	0	0	0	0
0902.	.....	0	0	0	0	0
0903.	.....	0	0	0	0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	0	0	0	0	0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) ..	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)	0	0	0
2.	Stocks (Schedule D):			
2.1	Preferred stocks	0	0	0
2.2	Common stocks	0	0	0
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens	0	0	0
3.2	Other than first liens	0	0	0
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company	0	0	0
4.2	Properties held for the production of income	0	0	0
4.3	Properties held for sale	0	0	0
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)	0	0	0
6.	Contract loans	0	0	0
7.	Derivatives (Schedule DB)	0	0	0
8.	Other invested assets (Schedule BA)	0	0	0
9.	Receivables for securities	0	0	0
10.	Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11.	Aggregate write-ins for invested assets	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13.	Title plants (for Title insurers only)	0	0	0
14.	Invested income due and accrued	0	0	0
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection	71,754	0	(71,754)
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3	Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers	0	0	0
16.2	Funds held by or deposited with reinsured companies	0	0	0
16.3	Other amounts receivable under reinsurance contracts	0	0	0
17.	Amounts receivable relating to uninsured plans	0	0	0
18.1	Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2	Net deferred tax asset	0	0	0
19.	Guaranty funds receivable or on deposit	0	0	0
20.	Electronic data processing equipment and software	4,199,783	5,491,789	1,292,006
21.	Furniture and equipment, including health care delivery assets	559,716	953,054	393,338
22.	Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23.	Receivables from parent, subsidiaries and affiliates	0	0	0
24.	Health care and other amounts receivable	27,176	17,486	(9,690)
25.	Aggregate write-ins for other than invested assets	872,345	2,753,497	1,881,152
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,730,774	9,215,826	3,485,052
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28.	TOTAL (Lines 26 and 27)	5,730,774	9,215,826	3,485,052
DETAILS OF WRITE-INS				
1101.	.....	0	0	0
1102.	.....	0	0	0
1103.	.....	0	0	0
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501.	Prepaid Expenses	872,345	2,753,497	1,881,152
2502.	.....	0	0	0
2503.	.....	0	0	0
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	872,345	2,753,497	1,881,152

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	72,987	72,856	71,927	61,467	60,564	811,071
2.	Provider Service Organizations	0	0	0	0	0	0
3.	Preferred Provider Organizations	0	0	0	0	0	0
4.	Point of Service	1,238	963	775	823	786	10,317
5.	Indemnity Only	0	0	0	0	0	0
6.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
7.	TOTAL	74,225	73,819	72,702	62,290	61,350	821,388
DETAILS OF WRITE-INS							
0601.	.....	0	0	0	0	0	0
0602.	.....	0	0	0	0	0	0
0603.	.....	0	0	0	0	0	0
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of HealthPlus of Michigan, Inc. (the Company) have been prepared in conformity with the 2015 NAIC Annual Statement Instructions and the NAIC Accounting Practices and Procedures Manual as of March 2015, to the extent that the accounting practices, procedures, and reporting standards are not modified by the Michigan Insurance Code or the 2015 Forms and Instructions for Required Filings in Michigan. The Company has no prescribed or permitted practices that affect net income, statutory surplus or risk-based capital to report.

	State of Domicile	2015	2014
NET INCOME			
(1) State basis (Page 4, Line 32, Columns 2 & 3)	MI	(24,524,348)	(17,705,319)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:			
(3) State Permitted Practices that increase/(decrease) NAIC SAP:			
(4) NAIC SAP (1-2-3=4)		(24,524,348)	(17,705,319)
SURPLUS			
(5) State basis (Page 3, Line 33, Columns 3 & 4)		(5,769,018)	18,534,909
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:			
(7) State Permitted Practices that increase/(decrease) NAIC SAP:			
(8) NAIC SAP (5-6-7=8)		(5,769,018)	18,534,909

Going Concern

The financial statements have been prepared assuming that the Company will continue as a going concern. The Company has recurring losses from operations and did not meet risk-based capital requirements at December 31, 2014. On March 9, 2015, the Michigan Department of Insurance and Financial Services (DIFS) issued a Notice and Order of Supervision (Order) placing HealthPlus of Michigan, Inc. (HPM) and its subsidiary HealthPlus Insurance Company (HPI) under the supervision of the Director. The Order also directed HPI to cease and desist marketing PPO products. On May 27, 2015, DIFS terminated the Notice and Order of Supervision as to the Company and indicated that HPI shall continue to be subject to the supervision of the Director. The Company is required by DIFS to provide the necessary capital to provide all contractually obligated services to the existing members of HPI. These circumstances raise substantial doubt about the Company’s ability to continue as a going concern.

On May 15, 2015, the Company entered into an agreement to sell certain assets of its subsidiary, HealthPlus Partners, Inc. (HPP). This transaction was completed on September 1, 2015, with funding transferring that day to HPP and HPM for the membership assumed. The sale provides additional capital to HPM, estimated at \$47.4 million (see **Sale of HealthPlus Partners, Inc.**). As a part of the transaction, Molina Healthcare of Michigan assumed HPP’s Medicaid contract and membership as well as HPM’s MChild membership and certain provider agreements.

On November 1, 2015, the Company announced that it had signed a definitive agreement with Health Alliance Plan (HAP) with the intent to complete a merger by January 1, 2016.

On February 1, 2016 the merger was completed. All of the operations of HPM and HPO were merged with HAP. HealthPlus Partners (HPP) and HealthPlus Insurance Company (HPI) have been placed in separate trusts and funded sufficiently to complete runout for those companies.

Notes to Financial Statements

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premium revenue is recognized in the month that members are entitled to health care services. The liability for incurred medical and hospital claims is accrued in the period during which the services are provided and includes estimates of services performed, which have not been reported to the Company.

The Company reports the value of its home office building at depreciated cost on Schedule A - Part 1.

In addition, the company uses the following accounting policies:

- 1) Short Term Investments are stated at amortized cost.
- 2) Bonds not backed by other loans are stated at amortized cost.
- 3) Common Stocks are reported at market value.
- 4) The Company has no Preferred Stocks to report.
- 5) The Company has no mortgage loans to report.
- 6) Loan Backed Securities are stated at amortized cost.
- 7) The Company carries its investment in HealthPlus Partners, Inc. and HealthPlus Insurance Company at Statutory Equity, and its investment in HealthPlus Options at audited GAAP equity.
- 8) The Company has no ownership interests in joint ventures, partnerships, or limited liability companies.
- 9) The Company has no derivatives to report.
- 10) The Company uses anticipated investment income in the calculation of premium deficiency reserves.
- 11) Unpaid claims include amounts determined from individual case estimates and amounts based on past experiences, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- 12) The Company has not modified its capitalization policy from the prior period.
- 13) Estimated pharmaceutical rebate receivables are based primarily on historical trends.

2. Accounting Changes and Corrections of Errors

- A. The Company recorded an adjustment to surplus of (\$3,162,743) at June 30, 2015 related to items identified in the 2014 audit.

3. Business Combinations and Goodwill

- A. Statutory Purchase Method – None
- B. Statutory Merger – None
- C. Assumption Reinsurance – None
- D. Impairment Loss – None

4. Discontinued Operations

Sale of HealthPlus Partners, Inc (HPP)

On May 15, 2015, HPM entered into an agreement to sell certain assets of its subsidiary, HealthPlus Partners, Inc. (HPP). As part of the transaction, Molina Healthcare of Michigan

Notes to Financial Statements

assumed HPP's Medicaid contract and membership as well as HPM's MIChild membership and certain provider agreements. This transaction was completed on September 1, 2015, with funding transferring that day to HPP and HPM for the membership assumed.

An initial membership count was established for September 1, 2015 and funds were transferred to HealthPlus Partners, Inc. as well as to an escrow account for later settlement. It was stated that membership would be reconciled ninety days following the transfer to account for retroactive enrollments and deletions. Final funding in regard to membership would be settled between the Companies at that date.

On the day of transfer, membership for the entire transaction was estimated at 85,168. The final count taken at December 1, 2015 showed a total membership count of 68,084. The final sales price calculated based upon membership as of December 1, 2015, was \$47.4 million.

As part of the merger completed on February 1, 2016 as described above, HPM capitalized HPP sufficiently to fund HPP's estimated obligations, including the runout of IBNR, plus an additional margin of approximately \$3 million. All of HPP's assets and liabilities were placed into a trust, which will be used as the sole source to satisfy the run-out of HPP which is anticipated to be complete in 2017. In total Trust Property of approximately \$16.6 million was assigned to this trust. If the Director of the DIFS determines the trust is unlikely to satisfy the payment of all liabilities of the Trust, he may choose to put HPP into rehabilitation or liquidation under Chapter 81 of the Michigan Insurance Code.

Discontinuance of HealthPlus Insurance Company (HPI)

Consistent with the DIFS Order of Supervision, HPI can no longer sell insurance products and all current member contracts will expire by March 31, 2016. As part of the merger completed on February 1, 2016 as described above, HPM recapitalized HPI sufficiently to fund HPI's estimated obligations, including the runout of IBNR, plus an additional margin of approximately \$5.2 million. All of HPI's assets and liabilities were placed into a trust, which will be used as the sole source to satisfy the run-out of HPI which is anticipated to be complete in 2017. In total Trust Property of approximately \$42.9 million was assigned to this trust. If the Director of the DIFS determines the trust is unlikely to satisfy the payment of all liabilities of the Trust, he may choose to put HPI into rehabilitation or liquidation under Chapter 81 of the Michigan Insurance Code.

Discontinued Operations Cost Obligations

One accounting obligation that will be recorded associated with the discontinued operations is a one-time employee termination benefits. HPM Management recognizes that a reorganization and reduction of its workforce will be necessary consistent with the reduction in membership discussed above. Additional considerations are being made with the announcement of the definitive agreement and merger with Health Alliance Plan.

As of December 31, 2015 a final plan of reorganization that identifies the number of employees to be terminated, their job classifications or functions, and the completion date had been developed. Management has accrued for severance costs as agreements have been finalized and agreed to by employees. As of December 31, 2015 the Company has accrued \$5,864,000 for severance costs, of which \$4,524,220 has been paid.

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans – None
- B. Debt Restructuring – None
- C. Reverse Mortgages – None
- D. Loan-Backed Securities – None
- E. Repurchase Agreements and/or Securities Lending Transactions – None
- F. Real Estate – None
- G. Investments in Low-Income Housing Tax Credits (LIHTC) – None

Notes to Financial Statements

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

		1	2	3	4	5	6
Restricted Asset Category		Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percent Gross Restricted to Total Assets	Percentage Admitted Restricted To Total Admitted Assets
a.	Subject to contractual obligation for which liability is not shown					%	%
b.	Collateral held under security lending agreements					%	%
c.	Subject to repurchase agreements					%	%
d.	Subject to reverse repurchase agreements					%	%
e.	Subject to dollar repurchase agreements					%	%
f.	Subject to dollar reverse repurchase agreements					%	%
g.	Placed under option contracts					%	%
h.	Letter stock or securities restricted as to sale-excluding FHLB capital stock					%	%
i.	FHLB capital stock					%	%
j.	On deposit with states	1,000,301	1,000,291	10	1,000,301	1.156%	1.238%
k.	On deposit with other regulatory bodies					%	%
l.	Pledged as collateral to FHLB (including assets backing funding agreements)					%	%
m.	Pledged as collateral not captured in other categories					%	%
n.	Other restricted assets					%	%
o.	Total Restricted Assets	1,000,301	1,000,291	10	1,000,301	1.156%	1.238%

- I. Working Capital Finance Investments – None
- J. Offsetting and Netting of assets and Liabilities – None
- K. Structured Notes - None

6. Joint Ventures, Partnerships and Limited Liability Companies

None.

7. Investment Income

- A. The Company has not excluded from surplus any investment income due and accrued.
- B. Total amount excluded was \$0

8. Derivative Instruments

None.

9. Income Taxes

- A. Components of Deferred Tax Assets and Deferred Tax Liabilities – None
- B. Unrecognized Deferred Tax Liabilities – None
- C. Components of income tax incurred – The Company is exempt from Federal income tax under Internal Revenue Code Section 501(c)(4).
- D. Book to tax adjustments – None
- E. Loss carry forwards and credit carry forwards – None
- F. Consolidated tax return – None
- G. Federal or foreign loss contingencies - None

10. Information Concerning Parent, Subsidiaries and Affiliates

A., B. & C.

HealthPlus of Michigan, Inc. has three wholly owned subsidiaries.

HealthPlus Options, Inc. (HPO) began operations in 1990 as a third party administrator. The Company reports its investment in HPO at audited GAAP equity, which amounted to \$1,055,595 at December 31, 2015 and \$1,691,377 at December 31, 2014 and is reported as a subsidiary stock investment on Schedule D-Part 6, Section 1. The Company has entered into agreements with HPO for the provision of administrative services. These services amounted to \$4,350,746 at December 31, 2015 and

Notes to Financial Statements

\$3,309,794 at December 31, 2014. The Company made an additional capital contribution to HPO of \$714,586 on December 18, 2015.

HealthPlus Partners, Inc. (HPP) is a state licensed Health Maintenance Organization serving Medicaid members in the greater Flint and Saginaw regions and began operations on January 1, 2003. The Company reports its investment in HPP at statutory equity, which amounted to \$6,876,429 at December 31, 2015 and \$20,397,452 at December 31, 2014, and is reported as a subsidiary stock investment on Schedule D-Part 6, Section 1. The Company has entered into agreements with HPP for the provision of administrative services. These services amounted to \$19,136,488 at December 31, 2015 and \$22,932,753 at December 31, 2014. On October 15, 2015 HealthPlus Partners, Inc. received approval from the Michigan Department of Insurance and Financial Services for payment of an ordinary dividend of \$2,039,745 and an extraordinary dividend of \$47,960,255 to HealthPlus of Michigan, Inc. These funds were transferred from HPP to HPM on October 19, 2015.

HealthPlus Insurance Company (HPI) is a state licensed Insurance Company and began operations January 1, 2007 offering a PPO product. The Company reports its investment in HPI at statutory equity, which amounted to (\$12,972,595) at December 31, 2015 and (\$4,481,262) at December 31, 2014, and is reported as a subsidiary stock investment on Schedule D-Part 6, Section 1. The Company has entered into agreements with HPI for the provision of administrative services. These services amounted to \$15,878,064 at December 31, 2015 and \$12,357,423 at December 31, 2014. The Company made additional capital contributions to HPI of \$15,000,000 on October 26, 2015 and \$10,000,000 on December 23, 2015.

- D. The Company reported receivables from subsidiaries of \$0 and \$0 and payables to subsidiaries of \$5,030,880 and \$3,880,124 as of December 31, 2015 and December 31, 2014 respectively. These amounts are settled monthly.
- E. Affiliate guarantees – None
- F. The Company has entered into agreements with its subsidiaries for the provision of administrative services. Administrative expenses are allocated based primarily on adjusted premium revenue.
- G. The nature of the control relationship does not result in the operating results or financial position being significantly different than those that would have been obtained if the enterprises were autonomous.
- H. Ownership in an upstream Parent or Affiliate - None
- I. The Company has no investments in subsidiaries that exceeds 10% of the Company's total admitted assets.
- J. Investments in Impaired Subsidiaries – None
- K. Investments in Foreign Insurance Subsidiary – None
- L. Investment in Downstream Non-insurance Holding Company – None
- M. Investments in Non-insurance SCA Companies – See HealthPlus Options, Inc. disclosure in Note 10 (A) above.
- N. Investments in Insurance SCA Companies for which Audited Statutory Equity reflects a departure from NAIC Statutory Accounting Practices and Procedures - None

11. Debt

- A. Debt, including Capital Notes and Holding Company Obligations – None
- B. Federal Home Loan Bank (FHLB) agreements - None

Notes to Financial Statements

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

The Company has a retiree health insurance program. To be eligible, the participant must have retired from active employment, attained the age of 62 and have 15 years of full-time service. The Company currently funds the cost of these benefits as they are incurred.

A. Defined Benefit Plan

(1) Change in benefit obligation

Description		Overfunded		Underfunded	
		2015	2014	2015	2014
a.	Pension Benefits				
1.	Benefit obligation at beginning of year				
2.	Service cost				
3.	Interest cost				
4.	Contribution by plan participants				
5.	Actuarial gain (loss)				
6.	Foreign currency exchange rate changes				
7.	Benefits paid				
8.	Plan amendments				
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits				
10.	Benefit obligation at end of year				
b.	Postretirement Benefits				
1.	Benefits obligation at beginning of year			1,896,387	1,546,743
2.	Service cost			181,359	150,448
3.	Interest cost			67,633	70,283
4.	Contribution by plan participants				
5.	Actuarial gain (loss)			(124,191)	153,781
6.	Foreign currency exchange rate changes				
7.	Benefits paid			(25,452)	(25,868)
8.	Plan amendments				
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits			(714,947)	
10.	Benefit obligation at end of year			1,280,789	1,896,387
c.	Postemployment & Compensated Absence Benefits				
1.	Benefit obligation at beginning of year				
2.	Service cost				
3.	Interest cost				
4.	Contribution by plan participants				
5.	Actuarial gain (loss)				
6.	Foreign currency exchange rate changes				
7.	Benefits paid				
8.	Plan amendments				
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits				
10.	Benefit obligation at end of year				

(2) Change in plan assets

Description	Pension	Postretirement	Postemployment
-------------	---------	----------------	----------------

Notes to Financial Statements

		Benefits		Benefits			
		2015	2014	2015	2014	2015	2014
a.	Fair value of plan assets at beginning of year						
b.	Actual return on plan assets						
c.	Foreign currency exchange rate changes						
d.	Reporting entity contribution			25,452	24,868		
e.	Plan participants' contributions						
f.	Benefits paid			(25,452)	(24,868)		
g.	Business combinations, divestitures and settlements						
h.	Fair value of plan assets at end of year						

(3) Funded status

Description		Pension Benefits		Postretirement Benefits	
		2015	2014	2015	2014
Overfunded:					
a.	Assets (nonadmitted)				
1.	Prepaid benefit costs				
2.	Overfunded plan assets				
3.	Total assets (nonadmitted)				
Underfunded:					
b.	Liabilities recognized				
1.	Accrued benefit costs				
2.	Liability for pension benefits				
3.	Total liabilities recognized				
c.	Unrecognized liabilities				

(4) Components of net periodic benefit cost

Description		Pension Benefits		Postretirement Benefits		Postemployment & Compensated Absence Benefits	
		2015	2014	2015	2014	2015	2014
a.	Service cost			181,359	150,448		
b.	Interest cost			67,633	70,283		
c.	Expected return on plan assets						
d.	Transition asset or obligation						
e.	Gains and losses			4,498			
f.	Prior service cost or				2,667		

Notes to Financial Statements

	credit						
g.	Gain or loss recognized due to a settlement or curtailment			(469,126)			
h.	Total net periodic benefit cost			(215,636)	223,398		

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

Description		Pension Benefits		Postretirement Benefits	
		2015	2014	2015	2014
a.	Items not yet recognized as a component of net periodic benefit cost – prior year				
b.	Net transition asset or obligation recognized				
c.	Net prior service cost or credit arising during the period				
d.	Net prior service cost or credit recognized				(2,667)
e.	Net gain and loss arising during the period			(370,012)	153,781
f.	Net gain and loss recognized			(4,498)	
g.	Item not yet recognized as a component of net periodic cost – current year				

(6) Amount in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost.

Description		Pension Benefits		Postretirement Benefits	
		2015	2014	2015	2014
a.	Net transition asset or obligation				
b.	Net prior service cost or credit				
c.	Net recognized gains and losses				

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

Description		Pension Benefits		Postretirement Benefits	
		2015	2014	2015	2014
a.	Net transition asset or obligation				
b.	Net prior service cost or credit				
c.	Net recognized gains and losses				

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec 31

Description		2015	2014
a.	Weighted-average discount rate	4.00%	3.60%
b.	Expected long-term rate of return on plan assets		
c.	Rate of compensation increase		
Weighted-average assumptions used to determine			

Notes to Financial Statements

projected benefit obligations as of Dec. 31:			
d.	Weighted-average discount rate		
e.	Rate of compensation increase		

For measurement purposes, a __7.2__ percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2015. The rate was assumed to decrease gradually to __4.5__ percent for 2028 and remain at that level thereafter.

(9) The amount of the accumulated benefit obligation for defined benefit pension plans was \$1,280,789 for the current year and \$1,896,387 for the prior year.

(10) Not Applicable.

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	Description	1 Percentage Point Increase	1 Percentage Point Decrease
a.	Effect on total of service and interest cost components	34,813	(29,762)
b.	Effect on postretirement benefit obligation	125,739	(111,204)

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

	Year(s)	Amount
a.	2016	59,392
b.	2017	60,888
c.	2018	57,302
d.	2019	70,054
e.	2020	62,148
f.	2021 through 2025	690,919

(13) The Company funds the cost of these benefits as they are incurred.

(14) – (19) Not applicable.

(20) The Company’s accumulated postretirement benefit obligation at December 31, 2015 is \$1,280,789. The impact to surplus necessary to reflect the full benefit obligation within the financial statements would be \$350,073.

(21) The Company has opted to amortize the amount of the accumulated postretirement benefit obligation transition to SSAP 92 of \$350,073 over a period of ten years through 2022 as allowed by statutory guidance.

C.

(1) Fair Value Measurement of Plan Assets at Reporting Date - None

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - None

D. Rate-of-return on plan assets: Not applicable.

E. Defined Contribution Plan:

A contributory defined contribution plan is provided to substantially all employees of the Company. Participating employees are eligible to contribute up to 15% of their annual compensation to the plan. The Company contributes 5% of participating employees’ annual compensation into the benefit plan. Company contributions were approximately \$1,072,000 at December 31, 2015 and \$2,396,000 as of December 31, 2014.

F. Multiemployer Plans: Not applicable

Notes to Financial Statements

G. Consolidated/Holding Company Plans: Not applicable.

H. Postemployment Benefits and Compensated Absences:

HPM employees accrue Paid Time Off (PTO) bi-weekly based on years of service. These amounts are accrued as they are earned. The PTO liability was \$1,123,158 and \$2,122,958 as of December 31, 2015 and December 31, 2014 respectively.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

On December 8, 2003, the Prescription Drug, Improvement, and Modernization Act of 2003 (the Act) was signed into law. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to certain sponsors of postretirement health care benefit plans that provide a prescription drug benefit to their enrollees. The Company believes its postretirement benefit plan may qualify for subsidy under the Act.

In accordance with Financial Accounting Standards Board (FASB) Staff Position 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*, the accumulated postretirement benefit obligation and net periodic postretirement benefit cost do not include the effect of the Act as the Company has elected to defer the accounting for the impact of the Act until pending authoritative guidance is issued. Once issued, such authoritative literature may require the Company to modify previously reported information.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1) Capital Stock – None
- 2) Preferred Stock – None
- 3) Dividend Restrictions – Distributions of earnings is prohibited by the Company's bylaws.
- 4) Dividends Paid – None
- 5) Portion of profits that may be paid as dividends – Distribution of earnings is prohibited by the Company's bylaws.
- 6) Restrictions on Unassigned Funds (Surplus) – None
- 7) Advances to Surplus – Not Applicable
- 8) Stock held for special purposes – None
- 9) Changes in special surplus funds – Special surplus funds were \$4,784,691 at December 31, 2015 and \$4,296,947 at December 31, 2014 for the accrual of the Affordable Care Act Health Insurance Tax to be recognized on January 1, 2016 and January 1, 2015 respectively.
- 10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is (\$114,473,158).
- 11) Surplus debentures or similar obligations – None
- 12) Impact of prior quasi-reorganizations – None
- 13) Effective dates of quasi-reorganizations in the prior ten years - None

14. Liabilities, Contingencies and Assessments

- A. Contingent Commitments – None
- B. Assessments – None
- C. Gain Contingencies – None
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits – None
- E. Joint and Several Liabilities None
- F. All Other Contingencies - In the normal course of business, HealthPlus of Michigan, Inc. is a party to certain legal matters. Management is of the opinion that resolution of these matters will not have a material effect on the Company's financial position or results of operations. The Company has no assets that it considers to be impaired.

15. Leases

- A. Lessee Operating Leases

Notes to Financial Statements

- 1) The Company leases office equipment and space under various operating lease agreements. Total rental expense for all operating leases was approximately \$439,000 and \$579,000 in 2015 and 2014 respectively.
- 2) Minimum aggregate rental commitments

Year Ended December 31	Operating Leases (in thousands)
2016	\$115
2017	106
2018	86
2019	77

- 3) Sales-leaseback transactions – None

B. Lessor Leases and Leveraged Leases - None

16. Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales – None
- B. Transfer and Servicing of Financial Assets – None
- C. Wash Sales - None

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans – None
- B. ASC Plans – None
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

- a. Revenue from the Company’s Medicare Part D cost based reimbursement portion of its contract with the Centers for Medicare and Medicaid Services (CMS) consisted of \$5,030,840 and \$3,179,331 for the reinsurance subsidy and \$479,284 and \$424,718 for the low-income cost sharing subsidy at December 31, 2015 and December 31, 2014 respectively.
- b. The Company has recorded receivables from CMS related to this program of \$1,840,460 and \$1,731,565 as of December 31, 2015 and December 31, 2014 respectively.
- c. The Company recorded allowances of \$613,487 related to the above receivables.
- d. Adjustments to revenue resulting from audit of receivable related to revenues recorded in the prior period - None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None.

20. Fair Value Measurements

A.

- 1) Fair Value Measurements at Reporting Date

Description	Level 1	Level 2	Level 3	Total
a. Assets at fair value				

Notes to Financial Statements

Common Stocks	\$1,407,662	\$0	\$0	\$1,407,662
b. Liabilities at fair value	\$0	\$0	\$0	\$0

2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy – None

- B. Other Fair Value Measurements – None
- C. Aggregate Fair Value and Admitted Value for all Invested Assets

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Common Stock	\$1,407,662	\$1,407,662	\$1,407,662	\$0	\$0	\$0

- D. Not Practicable to Estimate Fair Value – None

21. Other Items

- A. Extraordinary Items – None
- B. Troubled Debt Restructuring: Debtors – None
- C. Other Disclosures

Statutory Reserve: As a condition of licensure with the State of Michigan, The Company maintains a deposit in the amount of \$1,000,000 in a segregated account and can only be used by the Company at the discretion of the Insurance Commissioner. These funds are invested in an exempt money market mutual fund and reported in short-term investments. Interest on these funds accrues to the Company.

- D. Business Interruption Insurance Recoveries – None
- E. State Transferable Tax Credits – None
- F. Subprime-Mortgage-Related Risk Expense – None
- G. Retained Assets – None
- H. Insurance-linked Securities – None

22. Events Subsequent

Type I – Recognized Subsequent Events: None
Type II – Nonrecognized Subsequent Events:

On January 1, 2016, the Company will be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity’s net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2015, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$4,784,691. This amount is reflected in special surplus. This assessment is expected to impact risk based capital (RBC) by 27.445%

Notes to Financial Statements

Description	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	YES	
B. ACA fee assessment payable for the upcoming year	4,784,691	4,296,947
C. ACA fee assessment paid	4,784,691	3,411,613
D. Premium written subject to ACA 9010 assessment	465,805,459	506,149,648
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	(5,769,018)	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	(10,553,709)	
G. Authorized Control Level (Five-Year Historical Line 15)	17,452,983	
H. Would reporting the ACA assessment as of December 31, 2014 have triggered an RBC action level (YES/NO)?	Yes	

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the Company?

Yes () No (x)
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (x)

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes (x) No ()

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.

\$ 0.

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?

\$ 0.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Notes to Financial Statements

Yes () No (x)

Section 3 – Ceded Reinsurance – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ 0.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (x)

(3) Uncollectible Reinsurance
None.

C. Commutation of Ceded Reinsurance
None.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. The Company provides Medicare Advantage health coverage to approximately 20,100 members. Retrospective premiums are estimated based on members risk score adjustments submitted to CMS.
- B. The Company records accrued retrospective premiums as an adjustment to earned premiums.
- C. The amount of net premiums written by the Company at December 31, 2015 that are subject to retrospective rating features was \$230,445,053 or 49% of total net premiums for the Medicare Advantage program. The amount of net premiums written by the Company that are subject to medical loss ratio rebate requirements pursuant to the Public Health Service Act are \$235,360,406 or 51% of total net premiums.
- D. Medical loss rebates required pursuant to the Public Health Service Act - None
- E. Risk Sharing Provisions of the Affordable Care Act
- (1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions (YES/NO)? _____ Yes _____
- (2) Impact of Risk Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

Description		Amount
a. Permanent ACA Risk Adjustment Program		
Assets		
1. Premium adjustments receivable due to ACA Risk Adjustment		
Liabilities		
2. Risk adjustment user fees payable for ACA Risk Adjustment		
3. Premium adjustments payable due to ACA Risk Adjustment		4,505,000
Operations (Revenue & Expense)		
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment		(1,221,904)
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)		
b. Transitional ACA Reinsurance Program		
Assets		
1. Amounts recoverable for claims paid due to ACA Reinsurance		1,008,628

Notes to Financial Statements

2.	Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	
3.	Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	
Liabilities		
4.	Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	
5.	Ceded reinsurance premiums payable due to ACA Reinsurance	0
6.	Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	
Operations (Revenue & Expense)		
7.	Ceded reinsurance premiums due to ACA Reinsurance	153,346
8.	Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	759,433
9.	ACA Reinsurance contributions – not reported as ceded premium	1,828,790
c. Temporary ACA Risk Corridors Program		
Assets		
1.	Accrued retrospective premium due to ACA Risk Corridors	
Liabilities		
2.	Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	
Operations (Revenue & Expense)		
3.	Effect of ACA Risk Corridors on net premium income (paid/received)	
4.	Effect of ACA Risk Corridors on change in reserves for rate credits	

(3) Roll forward of prior year ACA risk sharing provisions for the following asset (gross of any nonadmission) and liability balances along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 – 3 +7)	Cumulative Balance from Prior Years (Col 2 – 4 +8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable									A		
2. Premium adjustments (payable)				1,221,904		(1,221,904)		1,221,904	B		
3. Subtotal ACA Permanent Risk Adjustment Program				1,221,904		(1,221,904)		1,221,904			
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	1,530,000		1,280,806		249,194		(249,194)		C		
2. Amounts recoverable for claims unpaid (contra liability)									D		
3. Amounts receivable relating to uninsured plans									E		
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium									F		
5. Ceded reinsurance premiums payable									G		
6. Liability for amounts held under uninsured plans									H		
7. Subtotal ACA Transitional Reinsurance Program	1,530,000		1,280,806		249,194		(249,194)				
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium									I		
2. Reserve for rate credits or policy experience rating refunds									J		
3. Subtotal ACA Risk Corridors Program											
d. Total for ACA Risk Sharing Provisions	1,530,000		1,280,806	1,221,904	249,194	(1,221,904)	(249,194)	1,221,904			

Explanation of Adjustments

- A.
- B. The Company recognized, in current year premium, risk adjustments paid.
- C. The Company adjusted its estimated receivable for the amount received and the amount withheld related to sequestration.
- D.
- E.
- F.
- G.
- H.
- I.
- J.

25. Change in Incurred Claims and Claim Adjustment Expenses

Notes to Financial Statements

The following table provides a reconciliation of the beginning and ending claims payable, net of reinsurance recoverables:

	Year Ended December 31	
	2015	2014
	(In Thousands)	
Reserve for claims payable, at beginning of year	\$ 56,414	\$ 45,983
Add provision for claims, occurring in:		
Current year	433,565	465,099
Prior years	<u>(7,161)</u>	<u>6,120</u>
Net incurred claim expense during the current year	426,404	471,219
Deduct payments for claims occurring in:		
Current year	386,718	409,922
Prior years	<u>48,887</u>	<u>50,866</u>
Net claim payments during the current year	<u>435,605</u>	<u>460,788</u>
Reserve for claims payable, at end of year	<u>47,213</u>	<u>56,414</u>

The favorable development of the 2015 reserves is primarily due to favorable development in the Medicare Advantage line of business. Specialist, inpatient and outpatient developed favorably by \$6,392,000. In the Commercial line of business, specialist, inpatient and outpatient also developed favorably by \$1,509,000, net of unfavorable development in psychiatric services and pharmacy of (\$504,000). The net effect, after risk sharing, on expenses was (\$4,386,000) for 2015.

The unfavorable development of the 2014 reserves is primarily due to 2013 inpatient and outpatient incurred claim costs developing with greater severity and frequency than anticipated in both the commercial and Medicare Advantage lines of business. The net effect, after risk sharing, on expenses was \$6,159,000 for 2014.

26. Intercompany Pooling Arrangements

None.

27. Structured Settlements

Not applicable.

28 Health Care Receivables

A. Pharmaceutical Rebate Receivables

Pharmaceutical rebate receivables consist of actual amounts billed for the previous quarter, based on actual prescriptions filled, and estimates of rebates for the current quarter. Estimated rebates are based primarily on historical trends.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2015	1,991,000	0	0	0	0
09/30/2015	2,370,000	2,401,502	0	0	0
06/30/2015	2,198,000	2,644,268	2,104,542	368,828	0
03/31/2015	2,293,000	2,255,021	1,695,164	535,060	0
12/31/2014	1,890,000	2,380,733	1,965,160	517,598	0
09/30/2014	1,798,000	1,992,373	1,569,646	387,225	36,216
06/30/2014	1,991,500	1,865,769	1,145,823	689,272	19,192

Notes to Financial Statements

03/31/2014	1,928,000	2,021,854	1,682,956	276,247	10,924
12/31/2013	1,181,000	1,985,682	1,566,115	400,964	0
09/30/2013	1,101,000	1,222,136	790,640	391,312	0
06/30/2013	1,091,000	1,140,517	509,326	594,304	0
03/31/2013	1,378,000	1,111,633	782,484	273,570	9,974

B. Risk Sharing Receivables

The Company has agreements, which provide the basis of payments to different provider groups for the delivery of health care services. The groups include hospitals, physician hospital organizations, and physicians. The agreements include provisions for the sharing of surplus or deficits calculated by the comparison of total expense to funding reported for the Company’s members served by the physicians affiliated with each contracting provider group. The funding levels are primarily based on a percentage of the premium, which the Company receives for providing health insurance coverage to employer groups. Certain of these providers have entered into separate agreements with affiliated hospitals to share any surplus or deficit associated with services to physician members.

The following table details risk sharing receivables recorded in accordance with the provisions of the aforementioned agreements.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated And Reported in the Prior Year	Risk Sharing Receivable as Estimated And Reported in the Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected First Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected – All Other
2015	2015	0	3,507,864	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0	0
2014	2014	0	7,519,140	7,519,140	0	5,218,079	0	0	0
	2015	0	0	0	0	0	0	0	0
2013	2013	0	4,380,495	3,018,239	1,362,256	3,018,239	0	0	0
	2014	0	0	0	0	0	0	0	0
2012	2012	0	2,574,130	1,704,212	869,918	1,704,212	0	0	0
	2013	0	0	0	0	0	0	0	0

29. Participating Policies

None.

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves

\$11,500,000
2. Date of the most recent evaluation of this liability

12/31/2015
3. Was anticipated investment income utilized in the calculation?

No

31. Anticipated Salvage and Subrogation

The Company has not specifically identified any anticipated salvage and subrogation amounts in its calculation of loss reserves.

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

01/08/2014
- 3.4 By what department or departments?
Department of Insurance and Financial Services, Office of Insurance Evaluation
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[] No[] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		Yes[] No[X] ..	Yes[] No[X] ..	Yes[] No[X] ..	Yes[] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP Suite 1700, 500 Woodward, Detroit, MI, 48226
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Michael J. Cellini Ph.D., ASA, FCA, MAAA, Ernst & Young, LLP, 5 Times Square, New York, NY, 10036

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved

0
- 12.13 Total book/adjusted carrying value

\$0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

Yes[] No[] N/A[X]
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes[] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001 0

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers

\$0
- 20.12 To stockholders not officers

\$0
- 20.13 Trustees, supreme or grand (Fraternal only)

\$0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers

\$0
- 20.22 To stockholders not officers

\$0
- 20.23 Trustees, supreme or grand (Fraternal only)

\$0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others

\$0
- 21.22 Borrowed from others

\$0
- 21.23 Leased from others

\$0
- 21.24 Other

\$0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment

\$0
- 22.22 Amount paid as expenses

\$0
- 22.23 Other amounts paid

\$0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[] No[X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes[X] No[]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[] No[] N/A[X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.

\$0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes[] No[] N/A[X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$ 0

24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$ 0

24.103 Total payable for securities lending reported on the liability page.

\$ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

\$ 0

25.22 Subject to reverse repurchase agreements

\$ 0

25.23 Subject to dollar repurchase agreements

\$ 0

25.24 Subject to reverse dollar repurchase agreements

\$ 0

25.25 Placed under option agreements

\$ 0

25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock

\$ 0

25.27 FHLB Capital Stock

\$ 0

25.28 On deposit with states

\$ 1,000,301

25.29 On deposit with other regulatory bodies

\$ 0

25.30 Pledged as collateral - excluding collateral pledged to an FHLB

\$ 0

25.31 Pledged as collateral to FHLB - including assets backing funding agreements

\$ 0

25.32 Other

\$ 0

25.3 For category (25.26) provide the following:

1	2	3
Nature of Restriction	Description	Amount
		0

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

27.2 If yes, state the amount thereof at December 31 of the current year.

\$ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
JP Morgan Asset Management	611 Woodward Avenue, Detroit, MI, 48226
FirstMerit PrivateBank	328 S. Saginaw Street, Flint, MI 48502

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

28.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
111223	FirstMerit PrivateBank	328 S. Saginaw St., Flint, MI 48502
104234	JP Morgan Asset Management	611 Woodward Ave., Detroit, MI, 48226

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
..... 4812C1553	JPMorgan Equity Index Fund .....	..... 15,837
..... 922031836	Vanguard Short-Term Investment Grade Fund ADM 539 .....	..... 90,571
..... 921937603	Vanguard Total Bond Market Idx Adm .....	..... 693,753

GENERAL INTERROGATORIES (Continued)

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
..... 922908728	Vanguard Total Stock Market Ind-Ad .....	..... 573,431
29.2999 Total .....		..... 1,373,592

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
JPMorgan Equity Index Fund	Apple, Inc	523	12/31/2015 ..
JPMorgan Equity Index Fund	Microsoft Corp.	396	12/31/2015 ..
JPMorgan Equity Index Fund	Exxon Mobile Corp.	285	12/31/2015 ..
JPMorgan Equity Index Fund	General Electric Co.	253	12/31/2015 ..
JPMorgan Equity Index Fund	Johnson & Johnson	253	12/31/2015 ..
Vanguard Short-Term Investment Grade Fund ADM539	US Treasury Note/Bond .625%	1,349	12/31/2015 ..
Vanguard Short-Term Investment Grade Fund ADM539	US Treasury Inflation Indexed Bonds .375%	1,202	12/31/2015 ..
Vanguard Short-Term Investment Grade Fund ADM539	US Treasury Note/Bond 1.250%	1,162	12/31/2015 ..
Vanguard Short-Term Investment Grade Fund ADM539	US Treasury Note/Bond .750%	1,092	12/31/2015 ..
Vanguard Short-Term Investment Grade Fund ADM539	US Treasury Note/Bond .500%	635	12/31/2015 ..
Vanguard Total Bond Market Idx Adm	Federal National Mortgage Assn 3.50%	16,303	12/31/2015 ..
Vanguard Total Bond Market Idx Adm	Government National Mortgage Assn 3.50%	14,809	12/31/2015 ..
Vanguard Total Bond Market Idx Adm	Federal National Mortgage Assn 4.00%	11,892	12/31/2015 ..
Vanguard Total Bond Market Idx Adm	Federal National Mortgage Assn 3.00%	11,561	12/31/2015 ..
Vanguard Total Bond Market Idx Adm	Federal Home Loan Mortgage Corp 3.50%	9,904	12/31/2015 ..
Vanguard Total Stock Market Ind-Ad	Apple, Inc	14,909	12/31/2015 ..
Vanguard Total Stock Market Ind-Ad	Alphabet, Inc.	12,042	12/31/2015 ..
Vanguard Total Stock Market Ind-Ad	Microsoft Corp.	10,895	12/31/2015 ..
Vanguard Total Stock Market Ind-Ad	Exxon Mobile Corp.	8,601	12/31/2015 ..
Vanguard Total Stock Market Ind-Ad	General Electric Co.	7,455	12/31/2015 ..

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	56,994,426	56,994,426	0
30.2 Preferred stocks	0	0	0
30.3 Totals	56,994,426	56,994,426	0

30.4 Describe the sources or methods utilized in determining the fair values
Fair values are determined by current market values provided by the Company's investment custodians.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

Yes[] No[X]
Yes[] No[] N/A[X]

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?
32.2 If no, list exceptions:

Yes[X] No[]

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?
33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$ 73,959

1	2
Name	Amount Paid
America's Health Insurance Plans	11,364
Michigan Association of Health Plans	62,595

34.1 Amount of payments for legal expenses, if any?
34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$ 1,123,301

1	2
Name	Amount Paid
Dykema Gossett, PLLC	567,537
Williams Firm	376,629

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$ 0

GENERAL INTERROGATORIES (Continued)

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	..... 0

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 TOTAL Premium earned

\$ 0

1.62 TOTAL Incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 TOTAL Premium earned

\$ 0

1.65 TOTAL Incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 TOTAL Premium earned

\$ 0

1.72 TOTAL Incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 TOTAL Premium earned

\$ 0

1.75 TOTAL Incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	464,883,697	502,246,843
2.2	Premium Denominator	464,883,697	502,246,843
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	71,758,563	65,584,740
2.5	Reserve Denominator	71,758,563	65,584,740
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 800,000

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Provider contracts provide for continuation of services and hold-harmless language. An insolvency rider is also in place.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 9,720

8.2 Number of providers at end of reporting year

..... 10,634

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 8,891,732

10.22 Amount actually paid for year bonuses

\$ 8,429,487

10.23 Maximum amount payable withholds

\$ 2,470,224

10.24 Amount actually paid for year withholds

\$ 2,180,713

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Michigan

11.4 If yes, show the amount required.

\$ 34,905,966

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

The greater of \$1,500,000, four percent of subscription revenue, three month's uncovered expenditures or RBC after covariance.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Arenac County, MI
Bay County, MI
Saginaw County, MI
Tuscola County, MI
Shiawassee County, MI
Genesee County, MI
Lapeer County, MI
Oakland County, MI

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
Livingston County, MI
Macomb County, MI
St. Clair County, MI
Wayne County, MI
Washtenaw County, MI
Iosco County, MI
Huron County, MI
Portions of Sanilac County, MI

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$.....0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$.....0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?

Yes[] No[] N/A[X]

14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other
.....	0	0	0	0

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

15.1 Direct Premium Written

\$.....0

15.2 Total incurred claims

\$.....0

15.2 Number of covered lives

.....0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	80,788,999	102,211,193	155,537,271	174,859,779	170,266,601
2. TOTAL Liabilities (Page 3, Line 24)	86,558,017	83,676,284	71,078,244	78,938,008	74,159,323
3. Statutory minimum capital and surplus requirement	34,905,966	47,422,746	58,750,506	55,168,384	50,423,670
4. TOTAL Capital and Surplus (Page 3, Line 33)	(5,769,018)	18,534,909	84,459,027	95,921,771	96,107,278
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	464,883,697	502,246,843	490,400,752	505,081,873	481,337,427
6. TOTAL Medical and Hospital Expenses (Line 18)	424,213,068	466,880,665	446,389,497	446,060,444	431,151,234
7. Claims adjustment expenses (Line 20)	9,175,333	9,815,655	9,267,265	7,930,492	6,763,802
8. TOTAL Administrative Expenses (Line 21)	44,591,431	48,758,577	45,850,278	42,472,933	38,687,151
9. Net underwriting gain (loss) (Line 24)	(29,101,135)	(23,487,465)	(11,164,732)	8,101,997	4,735,240
10. Net investment gain (loss) (Line 27)	52,071,191	5,774,823	3,946,439	2,088,802	3,962,647
11. TOTAL Other Income (Lines 28 plus 29)	1,554,292	7,323	253,143	3,802	5,747
12. Net income or (loss) (Line 32)	24,524,348	(17,705,319)	(6,965,150)	10,194,601	8,703,634
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	40,703,447	(23,410,520)	(16,839,756)	8,745,272	28,537,664
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	(5,769,018)	18,534,909	84,459,027	95,921,771	96,107,278
15. Authorized control level risk-based capital	17,452,983	23,711,373	29,375,253	27,584,192	25,211,835
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	61,350	74,225	79,157	74,289	73,182
17. TOTAL Members Months (Column 6, Line 7)	821,388	908,394	911,335	894,276	883,478
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	91.3	93.0	91.0	88.3	89.6
20. Cost containment expenses	1.0	1.1	1.1	0.9	0.7
21. Other claims adjustment expenses	1.0	0.8	0.8	0.7	0.7
22. TOTAL Underwriting Deductions (Line 23)	106.3	104.7	102.3	98.4	99.0
23. TOTAL Underwriting Gain (Loss) (Line 24)	(6.3)	(4.7)	(2.3)	1.6	1.0
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	49,343,832	58,415,955	61,319,964	58,021,502	55,400,521
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	54,387,854	51,376,958	60,430,574	61,076,558	53,594,297
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)	(5,040,571)	17,257,567	51,999,540	44,028,234	43,495,693
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. TOTAL of Above Lines 26 to 31	(5,040,571)	17,257,567	51,999,540	44,028,234	43,495,693
33. TOTAL Investment in Parent Included in Lines 26 to 31 above	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

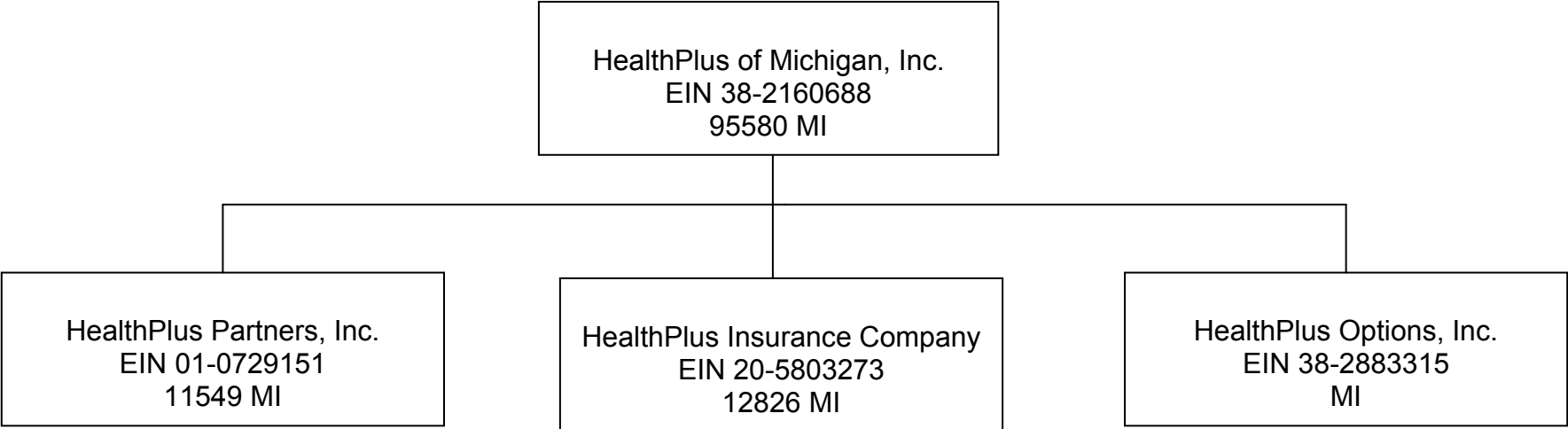
		1	Direct Business Only							
State, Etc.		Active Status	2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1.	Alabama (AL)	N	0	0	0	0	0	0	0	0
2.	Alaska (AK)	N	0	0	0	0	0	0	0	0
3.	Arizona (AZ)	N	0	0	0	0	0	0	0	0
4.	Arkansas (AR)	N	0	0	0	0	0	0	0	0
5.	California (CA)	N	0	0	0	0	0	0	0	0
6.	Colorado (CO)	N	0	0	0	0	0	0	0	0
7.	Connecticut (CT)	N	0	0	0	0	0	0	0	0
8.	Delaware (DE)	N	0	0	0	0	0	0	0	0
9.	District of Columbia (DC)	N	0	0	0	0	0	0	0	0
10.	Florida (FL)	N	0	0	0	0	0	0	0	0
11.	Georgia (GA)	N	0	0	0	0	0	0	0	0
12.	Hawaii (HI)	N	0	0	0	0	0	0	0	0
13.	Idaho (ID)	N	0	0	0	0	0	0	0	0
14.	Illinois (IL)	N	0	0	0	0	0	0	0	0
15.	Indiana (IN)	N	0	0	0	0	0	0	0	0
16.	Iowa (IA)	N	0	0	0	0	0	0	0	0
17.	Kansas (KS)	N	0	0	0	0	0	0	0	0
18.	Kentucky (KY)	N	0	0	0	0	0	0	0	0
19.	Louisiana (LA)	N	0	0	0	0	0	0	0	0
20.	Maine (ME)	N	0	0	0	0	0	0	0	0
21.	Maryland (MD)	N	0	0	0	0	0	0	0	0
22.	Massachusetts (MA)	N	0	0	0	0	0	0	0	0
23.	Michigan (MI)	L	217,270,102	230,445,053	0	18,090,304	0	0	465,805,459	0
24.	Minnesota (MN)	N	0	0	0	0	0	0	0	0
25.	Mississippi (MS)	N	0	0	0	0	0	0	0	0
26.	Missouri (MO)	N	0	0	0	0	0	0	0	0
27.	Montana (MT)	N	0	0	0	0	0	0	0	0
28.	Nebraska (NE)	N	0	0	0	0	0	0	0	0
29.	Nevada (NV)	N	0	0	0	0	0	0	0	0
30.	New Hampshire (NH)	N	0	0	0	0	0	0	0	0
31.	New Jersey (NJ)	N	0	0	0	0	0	0	0	0
32.	New Mexico (NM)	N	0	0	0	0	0	0	0	0
33.	New York (NY)	N	0	0	0	0	0	0	0	0
34.	North Carolina (NC)	N	0	0	0	0	0	0	0	0
35.	North Dakota (ND)	N	0	0	0	0	0	0	0	0
36.	Ohio (OH)	N	0	0	0	0	0	0	0	0
37.	Oklahoma (OK)	N	0	0	0	0	0	0	0	0
38.	Oregon (OR)	N	0	0	0	0	0	0	0	0
39.	Pennsylvania (PA)	N	0	0	0	0	0	0	0	0
40.	Rhode Island (RI)	N	0	0	0	0	0	0	0	0
41.	South Carolina (SC)	N	0	0	0	0	0	0	0	0
42.	South Dakota (SD)	N	0	0	0	0	0	0	0	0
43.	Tennessee (TN)	N	0	0	0	0	0	0	0	0
44.	Texas (TX)	N	0	0	0	0	0	0	0	0
45.	Utah (UT)	N	0	0	0	0	0	0	0	0
46.	Vermont (VT)	N	0	0	0	0	0	0	0	0
47.	Virginia (VA)	N	0	0	0	0	0	0	0	0
48.	Washington (WA)	N	0	0	0	0	0	0	0	0
49.	West Virginia (WV)	N	0	0	0	0	0	0	0	0
50.	Wisconsin (WI)	N	0	0	0	0	0	0	0	0
51.	Wyoming (WY)	N	0	0	0	0	0	0	0	0
52.	American Samoa (AS)	N	0	0	0	0	0	0	0	0
53.	Guam (GU)	N	0	0	0	0	0	0	0	0
54.	Puerto Rico (PR)	N	0	0	0	0	0	0	0	0
55.	U.S. Virgin Islands (VI)	N	0	0	0	0	0	0	0	0
56.	Northern Mariana Islands (MP)	N	0	0	0	0	0	0	0	0
57.	Canada (CAN)	N	0	0	0	0	0	0	0	0
58.	Aggregate other alien (OT)	X X X	0	0	0	0	0	0	0	0
59.	Subtotal	X X X	217,270,102	230,445,053	0	18,090,304	0	0	465,805,459	0
60.	Reporting entity contributions for Employee Benefit Plans	X X X	0	0	0	0	0	0	0	0
61.	TOTAL (Direct Business)	(a) ... 1	217,270,102	230,445,053	0	18,090,304	0	0	465,805,459	0

DETAILS OF WRITE-INS										
58001.	X X X	0	0	0	0	0	0	0	0	0
58002.	X X X	0	0	0	0	0	0	0	0	0
58003.	X X X	0	0	0	0	0	0	0	0	0
58998.Summary of remaining write-ins for Line 58 from overflow page	X X X	0	0	0	0	0	0	0	0	0
58999.TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X	0	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: All premiums are written in the State of Michigan

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



**INDEX TO HEALTH
ANNUAL STATEMENT**

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued	20
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	21
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	22
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	23
Exhibit 7 - Part 1 - Summary of Transactions With Providers	24
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	24
Exhibit 8 - Furniture, Equipment and Supplies Owned	25
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	26
Overflow Page For Write-ins	44
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI10
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E19
Schedule DB - Part A - Verification Between Years	SI11
Schedule DB - Part B - Section 1	E20
Schedule DB - Part B - Section 2	E21
Schedule DB - Part B - Verification Between Years	SI11
Schedule DB - Part C - Section 1	SI12
Schedule DB - Part C - Section 2	SI13
Schedule DB - Part D - Section 1	E22
Schedule DB - Part D - Section 2	E23

INDEX TO HEALTH
ANNUAL STATEMENT

Schedule DB - Verification	SI14
Schedule DL - Part 1	E24
Schedule DL - Part 2	E25
Schedule E - Part 1 - Cash	E26
Schedule E - Part 2 - Cash Equivalents	E27
Schedule E - Part 3 - Special Deposits	E28
Schedule E - Verification Between Years	SI15
Schedule S - Part 1 - Section 2	31
Schedule S - Part 2	32
Schedule S - Part 3 - Section 2	33
Schedule S - Part 4	34
Schedule S - Part 5	35
Schedule S - Part 6	36
Schedule S - Part 7	37
Schedule T - Part 2 - Interstate Compact	39
Schedule T - Premiums and Other Considerations	38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14